

# Audit fallout

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## Alliance loses United Way money; director says changes made

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Barbara Brill, executive director of Community Alliance of Human Services Inc., says the agency is completely different from last year.

 **Newport** The nonprofit organization that provides public transportation, home health services, senior housing and family services was rattled with administrative change, a state audit that placed the organization on "probationary status" and denied United Way funding as of late.

Former executive director Kevin Cooney resigned and Brill took over as interim in August 2006 and permanently in February 2007.

Months after Brill took over, the New Hampshire Department of Transportation began its regular audit of the nonprofit's community transportation services, which it does every three years.

The most recent 31-page DOT audit labeled "draft report" is dated Nov. 21, 2006. The DOT has not submitted a final report to date, but the alliance has been working to complete the 21 recommendations, 10 of which are high priority.

"We have responded to all of the recommendations and actually it has been a good process for us," Brill said.

The audit concluded the organization would be placed on probationary status and its progress closely monitored by the state.

The audit found that, "This grantee has not developed a financial plan for the transit system."

The DOT provided nearly half of the \$332,256.46 budget of the transit system of the organization in 2006.

"This grantee has not documented the long-term stability of these nonfederal funding sources. The organization, in addition to loss of a major (nontransportation) contract at the close of the FY 2003, has steadily lost revenues in the transportation program over the three-year period, FY 2004 - FY 2006," the audit states.

The bus service makes approximately \$400 weekly from fares in its routes ranging from Sunapee to a new route opening Sept. 3 to the Mt. Ascutney area.

"Our transportation is very, very strong in part as a result of that (audit)," Brill said.

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Brill said the audit is "historical" since it was submitted in 2006 and covers three years prior.

The DOT found that after a major contract loss in 2003 Community Alliance was able to carry on operations, but under the recommendations also expressed concern.

"However, there is much volatility (sic) in transportation revenues, with all trends being negative. At a minimum, the organization should develop a plan to address the cause of these trends and to take proactive action to prevent further decline," the report states.

The report also states the transportation program has "insufficient oversight," which the DOT also says is "not uncommon."

It is uncommon, however, for the United Way to deny a grant under these types of circumstances, Jeff Goff, chair of the board of directors for the United Way of Sullivan County, said.

"I think we've got an experienced group of board of directors that realizes the importance of every decision we make," he said.

The board requested the DOT audit and closely reviewed financial information from the agency in executive session. United Way was concerned that it was difficult for Community Alliance to locate cash receipts, and not all balance reconciliations were done by year's end.

"There are some basic accounting principles that weren't being adhered to," Goff said.

With the United Way's increased success, comes higher scrutiny, he said.

"I think the worst thing we could have done is not act on it," Goff said.

The decision was hard to do in a small community, but United Way stands behind it. He suggests Community Alliance be straightforward about its deficiencies to move ahead.

"The only way the alliance will ever again earn back the public trust is to be completely transparent and sincere in all its efforts," Goff said in an e-

mail response.

This year, the organization gave \$75,000 to 28 programs and services, United Way of Sullivan County Executive Director Kelly Murphy said.

Community Alliance has been a part of that list for about 15 years. This year the alliance requested \$15,000 divided up into three programs.

Three other agencies were denied funding from United Way this year because they either didn't fit the mission statement, proved to be well managed, fiscally sound or served a documented need in the community, Murphy said.

The alliance must turn in its financial statements, which included a current audit, separate from the Department of Transportation's, to grant applications.

Mike Foy, an accountant with Leone, McDonnell & Roberts, who worked on the Community Alliance audit, said he was not authorized by the organization to answer questions about the report.

Christopher "Kit" Morgan, an administrator for the Department of Transportation, did not return messages left with his office.

It was the DOT audit that really made a difference for the United Way, Murphy said.

"The difficulties in there, the board could not look the other way on," she said.

And despite having a joint board of directors meeting with United Way, Ella Casey, alliance board of directors chair, said she still doesn't understand why the United Way went with the decision it did.

"We really tried to do everything in our power to conform to what they wanted," she said.

Casey said the board will continue to work together and Community Alliance will apply for another grant when the season gets under way. The alliance and United Way have yet to meet since the May decision not to fund the group.

The alliance was not denied

any other grants, Brill said.

"What we've done as an organization is identify unmet needs," Brill said.

The group meets the needs of Sullivan County House of Corrections inmates with jobs in the community on the work release program, said County Manager Ed Gil de Rubio.

"Public transportation is a very badly needed service in Sullivan County," he said.

The county and the alliance have a good working relationship, he said. The county also provides a grant for the organization.

Gil de Rubio, who also saw the DOT audit of the agency, did not have a comment on it since it was the first one he saw and labeled as a draft.

Casey called the audit a wake-up call.

"Sometimes you do something for so many years you get complacent," she said.

Brill said the DOT audit let the agency know of new procedures the department requires. For example, Brill said Community Alliance was not aware that it needed to notify the DOT of how much it makes and where it is spent.

"It was not that it was used any differently, we just didn't know that we needed to tell them in writing. It is that simple, sometimes," she said.

Brill, who was part of a meeting with the DOT on May 17 that reviewed some of the procedures the nonprofit must follow, feels the changes will be easy to implement.

"It wasn't that we didn't have it, it was understanding how to give it to them," she said of financial information.

Casey feels things have turned around for the organization and it is in a different standing than it was a year ago.

"I'm very pleased with the way things are going, the board is pleased," she said.

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